

89.00854

COUNTY FISCAL CRISIS: 1986-87

A Report on the Fiscal Health of California Counties

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

FEB 03 1988

UNIVERSITY OF CALIFORNIA

County Supervisors Association of California

October 1, 1986

Table of Contents
1986-87 County Fiscal Crisis

	<u>Page</u>
Executive Summary	1
Overview	2
Key Indicators of County Fiscal Health:	
Discretionary Revenues	8
State Mandated Program Costs	14
Reserves/Surplus	17
Appendix	19

Index to Tables and Figures

1986-87 County Fiscal Crisis

	<u>Page</u>
Table 1: County Discretionary Revenue	T-1
Table 2: County Discretionary Revenue Spent on Mandated Purposes	T-4
Table 3: County Discretionary Revenue Spent on "Real" Discretionary Functions	T-7
Table 4: Growth of County Discretionary Revenue and Inflation	T-10
Table 5: Discretionary Revenue Per Capita	T-13
Table 6: Percentage County Cost Increases for State Mandated Programs and Discretionary Revenue	T-16
Table 7: Counties Exhibiting Highest Percentage Cost Increases for State-Mandated Programs	T-19
Table 8: County Reserves	T-20
Table 9: Change in Percentage of Budget Carried Over Annually	T-23
Figure 1: Use of Discretionary Revenues	F-1
Figure 2: Comparison of Growth of Local Costs for Mandated Programs to Local Revenues, 1980-81 to 1985-86	F-2

1986-87 COUNTY FISCAL CRISIS REPORT:

Executive Summary

During this past summer, the County Supervisors Association of California (CSAC) surveyed its members to determine the fiscal health of California's counties. The survey was a follow-up to a study conducted last year which documented the difficulties counties were experiencing in meeting minimum levels of service with limited revenues.

Information on county revenues and expenditures was gathered from 46 counties, representing 82 percent of the State's population and 89 percent of the composite budgets of counties.

This year's survey found that:

- **The fiscal crisis we documented last year continues.** The primary causes of this trend continues to be the uncontrollable and rapidly increasing costs for the state-mandated, caseload driven programs in the areas of welfare, courts and jails. As a result, counties have been forced to make spending reductions in such essential areas as public protection. County option programs such as libraries and parks have been severely curtailed and, in some instances, eliminated.
- **Because of their narrower economic and revenue bases, smaller rural counties remain those hardest hit by increased state program costs.** However, mid-size and urban counties are also experiencing increased pressures on their ability to fund required programs. This frustrating situation has led 23 counties to propose a November ballot measure to require the State to fully fund the welfare, court, and jail systems.
- **State mandate requirements continue to erode discretionary revenues.** While discretionary revenues comprise less than one-third of a county's total budget, on average, over 80 percent of those revenues are being used to pay for mandated obligations. Nearly three-quarters of the counties reported that discretionary revenues did not increase sufficiently between the 1985-86 and 1986-87 fiscal years to keep pace with inflation.
- **Since 1980, program costs for welfare have risen 89 percent, jails 153 percent and courts 70 percent.** At the same time, discretionary revenue increased by only 48 percent.
- **Spending for "real" discretionary programs continues to represent a small part of total county expenditures.** For FY 1986-87, it accounts for 14.9 percent of a county's discretionary revenue and a mere 4.5 percent of a county's total budget.
- **County reserves for emergencies and contingencies averaged just under one percent of the county budget for FY 1986-87.** This is significantly below the 3.7 percent "prudent reserve" for the State General Fund. Additionally, there have been corresponding decreases in the year-end balances for county budgets.

Digitized by the Internet Archive
in 2024 with funding from
State of California and California State Library

<https://archive.org/details/C124898217>

1986-87 COUNTY FISCAL CRISIS REPORT

Overview

Last year, the County Supervisors Association of California (CSAC) issued a report which documented a growing fiscal crisis in California county government. The study found that half of the State's 58 counties were in serious financial trouble and faced drastic program cuts and employee layoffs. Counties were being forced to make undesirable spending reductions in such essential services as law enforcement, fire protection, and street and road maintenance programs. Particularly hard hit were "discretionary" programs such as libraries, parks and recreation which were severely curtailed and, in some cases, eliminated.

While there are many causes for this crisis, the report confirmed a continuing trend of uncontrollable and rapidly increasing costs for State-mandated, caseload driven programs particularly in the areas of welfare, courts and jails. In its "Annual Report of Financial Transactions Concerning Counties of California," the State Controller's Office found that over \$4.9 billion, or 41 percent of total county expenditures, went for public assistance programs and nine percent for judicial purposes in fiscal year (FY) 1984-85. Expenditures for judicial programs rose from \$312 million in FY 1975-76 to \$1.1 billion in FY 1984-85 -- an increase of 255 percent.

As mandated expenditures have increased, discretionary revenues have also risen but at a much slower rate. From FY 1975-76 to FY 1984-85, total county discretionary revenues increased 33 percent from \$4 billion to \$6 billion. This has meant that local county programs have not been provided at adequate levels as monies for such programs have been diverted to fund mandates.

The passage of Proposition 13 in 1978 sharply curtailed the counties' primary means of generating revenue -- the property tax. Whereas in FY 1977-78 the property tax accounted for over 33 percent of total county revenue, by FY 1984-85 it represented just 24 percent.

Counties have attempted to maintain their autonomy and offset the reduction in property tax revenues by an increased reliance on such alternative funding mechanisms as service charges, license and permit fees, creative financing schemes and, when authorized by statute, local sales taxes. However, the Proposition 13 funding gap has been filled mostly by monies from the State and Federal government. In FY 1977-78, State and Federal funds accounted for 51 percent of county revenues; by FY 1984-85, they had risen to 57 percent. The State contribution alone went from 25 percent to 35 percent during this time.

The Legislature responded to Proposition 13 by passing AB 8 in 1979. The bill provided for State assumption of various health and welfare program costs, direct State funding, and a shift in property tax revenue from schools to counties. It was hoped that AB 8 would provide a long-term financing plan for local government.

However, increasing county costs for State-mandated programs have forced the Legislature to enact several short-term "bail out" bills to help counties meet their financial obligations. AB 3400 (Costa), enacted in 1984, and AB 340 (Costa), passed in 1985, provided temporary fiscal relief through a one-time appropriation to a select group of distressed counties. Still, the basic problem of insufficient funding for counties persists, and legislation which would provide a stable long-term revenue source for counties has not been enacted.

Some legislators and others in State government believe that counties are in sound fiscal condition with healthy reserves. We disagree. Last year's survey found county reserve levels significantly less than the 3.7 percent that the Governor and the Legislature have indicated is prudent for economic uncertainties. In some cases, the reserve level for emergencies were zero.

From May through July of this year, CSAC again surveyed its members as they struggled to develop their budgets for the 1986-87 fiscal year. Information on county revenues and expenditures for FY 1985-86 and FY 1986-87 was collected from county administrative officers, budget analysts, auditors, and other responsible officials. Forty-six (46) counties responded to this year's survey representing 82 percent of the State's population and 89 percent of the composite budgets of counties. Of those 46 counties, four (Alameda, Butte, Lake, and Sierra) provided fiscal information from the 1985-86 budget only. Several counties did not provide responses to every survey question.

One of the main purposes of last year's report was to educate responsible officials and the public on the difficulties counties were experiencing in meeting minimum

levels of service with limited revenues. If the results of this year's survey are any indication, not enough people are listening. We found that:

- * The fiscal crisis we documented last year continues. Because of their narrower economic and revenue bases, smaller rural counties remain those hardest hit by increased state program costs. Humboldt County, for example, predicts that local funds to meet mandated programs and local match requirements will run out by May 1, 1987. On that date, the county plans to transfer local services back to the State.
- * At the same time, mid-size and urban counties are also experiencing increased pressures on their ability to fund required programs. Fresno County faces the loss of 214 positions in its 1986-87 budget. While the budget has increased \$40 million over FY 1985-86, nearly all of the money has gone for State and Federal programs. Sixty-one percent of the county's budget is dedicated to health and social services functions, up five percent from FY 1985-86. At the same time, local discretionary dollars have fallen by \$9 million. As a result of its dilemma, Fresno County was recently placed on a list of California's "distressed" counties which will receive additional State funding if AB 3368 (Costa), the "Distressed Counties Act," is passed.
- * Even California's largest counties have not been immune. In an analysis of its fiscal condition, San Diego County predicted that, "based on current trends, the outlook for 1986-87 and beyond indicates that service

needs will outpace resources, and the percentage of discretionary dollars will continue to decrease."

- * State mandate requirements continue to erode discretionary revenues. While discretionary revenues comprise less than one-third of a county's total budget, on average, over 80 percent of those revenues are being used to pay for mandated obligations. Thirty-four counties reported that discretionary revenues did not increase sufficiently between the 1985-86 and 1986-87 fiscal years to keep pace with inflation, as measured by the California Consumer Price Index. (See Figure 1, Tables 1, 2, 3)
- * Rapidly increasing costs for such State-mandated programs as welfare, jails, and courts remain a prime reason for the fiscal crisis. From FY 1980-81 to FY 1985-86, program costs for welfare rose 89 percent, jails 153 percent, and courts 78 percent. At the same time, discretionary revenue increased by only 48 percent. (See Figure 2, Table 6)
- * Spending for "real" discretionary programs continues to represent a small part of total county expenditures. For FY 1986-87, it accounts for 14.9 percent of a county's discretionary revenue and a mere 4.5 percent of a county's total budget. (See Figure 1, Table 3)
- * County reserves for emergencies and contingencies averaged just under one percent of the county budget for FY 1986-87. This figure is well below the 3.7 percent that the Governor and the Legislature has deemed prudent for economic uncertainties. Nearly one-third of the responding

counties reported emergency reserve levels of zero. (See Table 8)

- * As reserves have declined, there has been a corresponding decrease in the percentage of a county's budget carried over annually (surplus). Counties have struggled to maintain a stable, positive fund balance. (See Table 9)

- * Growth of discretionary revenue on a per capita basis has been negligible. Between FY 1985-86 and FY 1986-87 it rose, on average, only 1.4 percent. While 14 counties suffered a decrease in per capita discretionary dollars, only seven experienced sufficient growth to equal the pace of inflation. (See Table 5)

A summary of those key indicators of county fiscal health for the current fiscal year is presented on the following page.

COUNTY FISCAL CRISIS: 1986-87
KEY INDICATORS OF COUNTY FISCAL HEALTH

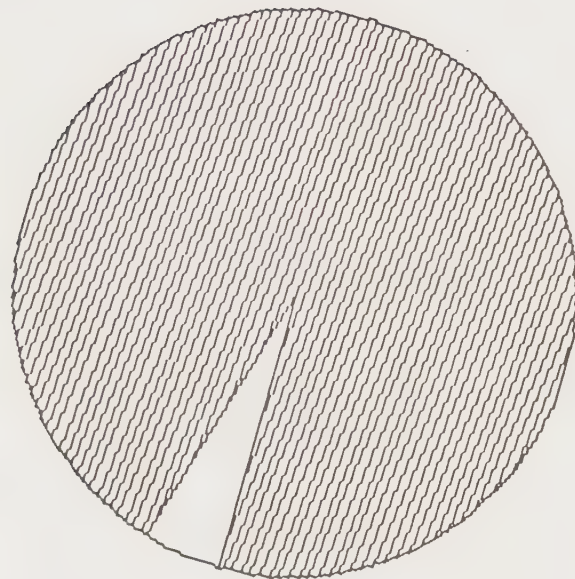
	TOTAL 86-87 BUDGET (in millions)	PERCENTAGE OF BUDGET AVAILABLE FOR "REAL" DISCRETIONARY SPENDING	PERCENTAGE OF BUDGET AVAILABLE AS RESERVE FOR EMERGENCIES & CONTINGENCIES	PERCENT CHANGE FROM 1980-81 TO 1985-86			
				EXPENDITURES			STATE DEFINED DISCRETIONARY REVENUES
				WELFARE	JAILS	COURTS	
Alameda				25.0	47.1	49.5	26.7
Alpine	\$ 5.3	27.6%	0.9%	44.0	0.0	7.0	
Amador	18.4	5.7%	0.0%	165.0	1430.0	60.0	72.0
Butte				132.0	174.0	24.0	15.8
Calaveras	18.2	1.6%	1.6%				
Colusa	16.6	5.1%	3.0%	247.0	225.0	223.0	192.0
Contra Costa	402.2	9.2%	5.1%	27.8	53.9	58.5	
Del Norte	19.4	2.4%	0.3%	44.7	23.4	-12.1	1.6
El Dorado	74.8	5.8%	1.3%	92.8	30.1	48.0	61.2
Fresno	568.8	0.5%	0.2%	96.9	76.4	52.9	19.3
Glenn	21.2	10.1%	3.3%				
Humboldt	79.8	1.7%	0.6%	51.7	28.0	48.6	13.3
Inyo	19.8	5.1%	0.5%	106.0	149.0	106.0	
Kern	386.1	7.9%	0.9%	56.5	174.0	374.1	
Kings	65.3	9.3%	2.8%	59.5	129.6	98.6	39.2
Lake							
Lassen	16.1	6.1%	0.6%	37.9	44.9	27.0	23.2
Los Angeles	7,054.2	3.0%	0.1%	119.1	84.7	75.9	44.2
Mariposa	14.3	7.8%	1.8%	158.6	76.2	124.3	105.2
Mendocino	58.2	2.6%	0.0%	46.9	206.1	101.1	32.4
Merced	147.1	5.2%	0.3%	107.0	57.7	62.3	1.2
Modoc	10.0	8.8%	1.7%				
Mono	13.0	3.5%	2.7%	52.0	415.0	54.0	
Napa	61.9	17.1%	2.8%	60.1	75.1	72.3	51.6
Nevada	46.6	6.0%	1.7%	87.0	215.0	140.0	35.8
Placer	114.4	8.5%	1.3%	158.5	49.4	61.7	57.5

COUNTY FISCAL CRISIS: 1986-87
KEY INDICATORS OF COUNTY FISCAL HEALTH

	TOTAL 86-87 BUDGET (in millions)	PERCENTAGE OF BUDGET AVAILABLE FOR "REAL" DISCRETIONARY SPENDING	PERCENTAGE OF BUDGET AVAILABLE AS RESERVE FOR EMERGENCIES & CONTINGENCIES	PERCENT CHANGE FROM 1980-81 TO 1985-86			
				EXPENDITURES			STATE DEFINED DISCRETIONARY REVENUES
				WELFARE	JAILS	COURTS	
Plumas	21.5	4.0%	2.3%				
Riverside	646.5	1.0%	0.8%	36.6	172.9	279.7	
Sacramento	844.6	2.9%	1.1%	248.0	62.0	149.0	51.6
San Benito	14.0	3.7%	2.5%	102.0	188.0	32.0	60.0
San Diego	1,090.0	3.4%	2.0%	51.1	143.1	58.3	72.3
San Francisco	1,884.8	13.5%	1.2%				86.0
San Joaquin	359.5	2.2%	1.3%	58.6	102.0	30.0	61.7
San Luis Obispo	115.0	14.8%	5.9%	20.8	70.8	93.9	100.6
San Mateo	372.0	3.2%	1.4%	58.5	76.8	68.9	57.4
Santa Clara	938.1	1.3%	0.7%				75.8
Sierra				70.0	175.0	-16.9	36.3
Solano	136.4	2.4%	2.0%				15.1
Sonoma	202.6	13.9%	2.4%	25.0	397.0	55.0	73.8
Stanislaus	198.2	1.8%	1.3%	63.2	50.6	27.5	5.0
Tehama	35.8	1.9%	0.6%	246.0	50.1	46.0	29.5
Tulare	211.7	1.2%	0.0%	51.0	70.5	37.5	23.5
Tuolumne	32.2	10.4%	5.2%	166.0	217.0	117.0	7.0
Ventura	337.5	1.8%	1.6%	37.3	91.5	16.8	
Yolo	77.9	3.0%	0.7%	77.7	131.1	39.3	19.7
Yuba	43.9	1.5%	1.0%	75.0	67.0	60.0	
SURVEY AVERAGES	\$ 399.9	4.5%	0.9%	88.5	153.4	77.7	47.5

USE OF DISCRETIONARY REVENUES

1986-87
Total County Budgets



Expenditures
Required By State
and Federal Mandates

95.5%

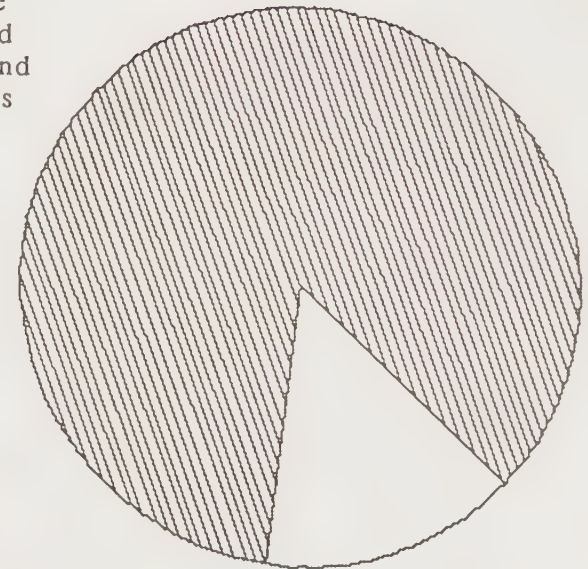
Expenditures on
"Real" Discretionary
Programs

4.5%

1986-87
Total Discretionary Revenues

Expenditures
On State
Mandated
Matches and
Functions

85.1%



Expenditures
On "Real"
Discretionary
Programs

14.9%

FIGURE 1

Comparison of Growth of Local Costs for
Mandated Programs to Local Revenues
1980-81 to 1985-86

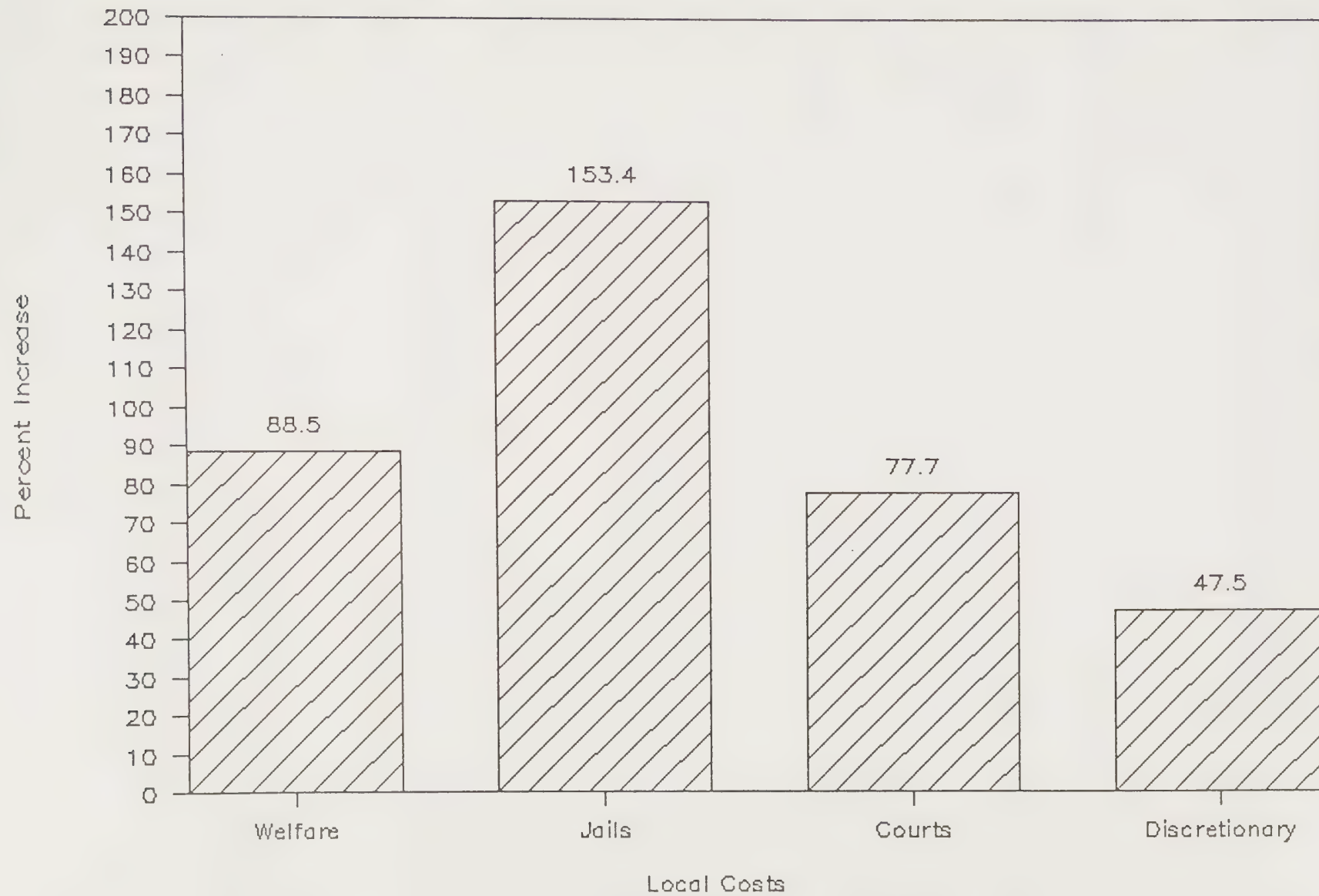


FIGURE 2

Key Indicators of County Fiscal Health

Discretionary Revenues

One of the difficulties in assessing the fiscal conditions of counties has been the establishment of meaningful criteria. There is no consistent definition of "discretionary revenues." Even county people disagree among themselves. Indeed, the term has been used interchangeably with such others as "unearmarked revenues," "unrestricted revenues," and "local county revenues."

The State of California has adopted the term "general purpose revenues" and defines it as those revenues which are not restricted to a specific use. General purpose revenues include such categories as local general purpose taxes (i.e. property tax), interest income, fines and penalties, and revenue sharing funds. It is commonly agreed that general purpose revenues can be spent completely at the discretion of county governments. They are used for such essential services as police and fire protection and to fund such local option programs as libraries, parks, recreation and cultural activities.

Our survey found that discretionary or general purpose revenues comprise, on average, only 30 percent of the total county budget for the 1986-87 fiscal year, down slightly from FY 1985-86. Interestingly, in 21 counties, discretionary revenue

increased in terms of total dollars while at the same time declining as a percentage of the budget. In Del Norte County, for example, discretionary revenue rose by \$45,547 between FY 1985-86 and FY 1986-87 while declining as a percentage of total revenue from 20.9 percent to 18.4 percent, the lowest of any county reporting. (See Table 1).

In reality, discretionary revenues have been increasingly used to fund State and Federally mandated programs and functions. Table 2 shows that counties will spend an average of 85.1 percent of their discretionary dollars in FY 1986-87 for mandated programs and local match requirements. Conversely, only 14.9 percent of county discretionary dollars are being spent on "real" discretionary functions. The percentage of discretionary revenues spent on mandated obligations increased for 25 counties between FY 1985-86 and FY 1986-87. For 18 counties, that total is above 90 percent for the current fiscal year. Humboldt County's figure of 105.5 percent of FY 1986-87 discretionary revenue being spent on mandated functions reflects the county's projection of a \$2.4 million shortfall in its current budget. Its cost for local option programs does not add up to the projected budget deficit.

Just as there is no consensus about what is discretionary revenue, there has been related confusion about mandated programs and expenditures. The Department of Finance has examined mandated programs at several levels. The first includes county costs for State defined health and welfare programs. These are programs where the county has no discretion in costs, such as AFDC grants where the State sets eligibility standards, the grant amount, and the county share of costs. In order to obtain Federal and State aid, the county must commit certain local monies. These costs should clearly be used as an offset to county discretionary revenues as

there is no discretion as to county expenditure. At another level are expenditures for health and welfare programs which counties are required to provide, but where the level of mandated service is unclear, or where there is wide latitude. An example of such programs where counties exercise some control include services for medically indigent persons. A final level includes court and justice related functions over which counties exercise little control, but which they are required to provide, and the level of service is not well specified by statute.

Since the enactment of Proposition 13, various adjustments in State subventions and local sharing in health and welfare programs have been made in an attempt to offset the reduction in property tax revenues. Still, it is clear from our survey results that counties continue to bear the burden for program costs that are the legitimate responsibility of State government.

What remains of discretionary dollars after mandates are accounted for can be spent on county-option or "real" discretionary programs such as libraries and parks. However, as Table 3 shows, these monies represent a small fraction of a county's total budget -- a mere 4.5 percent on average for the current fiscal year. For 17 counties, the total was under three percent. While several counties have experienced growth in such spending, 21 reported a decrease in expenditures for county-option programs from FY 1985-86, with cuts averaging 22 percent.

What this means in dollars is that of the composite budgets of the 42 counties which provided FY 1986-87 data, only \$762 million was being spent on "real" discretionary programs while over \$16 billion was used to fund mandates.

As mandated costs have risen, local discretionary programs are usually the first to be cut or, in many cases, eliminated in order to balance the budget. In an attempt to fight back, 23 counties have proposed a November ballot measure to require the state to fully fund the welfare, court and jail systems. This will allow locally generated revenues to be used for high priority local programs such as police, fire and library services.

If resources are available, counties also use discretionary revenues for transportation and other public work projects, to supplement monies received from the fuel tax, registration fees, weight fees, and other user fees which normally fund such projects. During the current fiscal year, 22 counties report no expenditure of discretionary revenues for roads or public works.

Monies for "real" discretionary programs may also be used by counties to provide additional funds for State mandates, called "overmatches." Overmatches most often occur in mandated health programs and are often a function of caseload increases over which a county has little or no control. For example, it is estimated that counties have overmatched the Medically Indigent Services Program (providing health services for medically indigent adults) by approximately \$100 million. While it can be argued that this represents just another example of insufficient State funding for mandated services, there is no question that overmatches represent another use of discretionary dollars which could be spent on local-option programs.

One other factor which has put pressure on "real" discretionary programs has been the relatively slow growth in discretionary revenues. Table 1 shows that increases in county discretionary revenue between FY 1985-86 and FY 1986-87 averaged 7.7

percent. Ten counties experienced an actual decrease in discretionary revenue. A recent estimate by the Department of Finance on changes in general purpose revenues for all counties is even less encouraging. It projected an increase of only 4.4 percent between FY 1985-86 and FY 1986-87.

Flat or decreasing discretionary revenue is the result of several factors. Humboldt County, for example, illustrates a problem faced by many rural counties with a narrow economic base. Over the past three years, growth in property values there has been less than one-half the statewide average, while growth in sales tax revenue has been flat. Timber tax revenues have dropped from \$2.9 million in 1979-80 to \$586,000 budgeted in 1985-86 -- a decrease of over 80 percent. Lake County estimates a 15 percent decline in property tax revenues in FY 1986-87 from geothermal properties, whose industry comprises approximately 40 percent of the county's total tax base.

Erosion of discretionary revenue has also occurred through (1) loss of revenues through the transfer of property tax and sales tax revenues to cities as a result of incorporations and annexations; and (2) new or expanded redevelopment areas which drain tax increment away from counties. In Sonoma County, for example, these two factors have combined for an annual revenue loss of \$2.7 million.

All counties also face the impending loss of Federal Revenue Sharing funds. It is estimated that California counties will lose \$250 million when the program is scheduled to be terminated this fall.

Table 4 compares the growth of county discretionary revenue from FY 1985-86 to

FY 1986-87 with the inflation rate during that time. Inflation is measured by changes in the California Consumer Price Index (CPI). (See Appendix) On average, increases in county discretionary revenues have struggled to keep pace with inflation. The Table shows that 34 counties would need additional discretionary monies in FY 1986-87, totaling \$183.7 million, to match the 7.8 percent change in the California CPI. Supplementing county discretionary dollars to take inflation into account would, theoretically, allow the counties to "stay even". In reality, however, costs for State mandated programs have increased at a much faster rate than inflation. The inability of discretionary dollars to pace inflation simply makes it more difficult to fund "real" discretionary programs.

The lack of any real growth in discretionary revenues can also be seen by examining such dollars on a per capita basis. As illustrated by Table 5, per capita discretionary revenues have risen only 1.4 percent, on average, since our first survey. Thirty-three counties find themselves below the mean per capita average statewide for FY 1986-87, some by nearly 50 percent. While 14 counties have suffered a decrease in per capita discretionary dollars from FY 1985-86, only seven experienced sufficient growth to pace inflation.

State Mandated Program Costs

SB 90 (passed in 1972) required the State to reimburse local governments for the costs of mandated programs or increased levels of service required of them. Known as the "Property Tax Relief Act of 1972," the law imposed property tax rate limits on cities, counties, and special districts and revenue limits on school districts. The reimbursement provision was included to ease the fiscal burden imposed on local government as a result of restricting their ability to obtain money through property tax increases. This statutory provision was elevated to a constitutional requirement when the reimbursement concept was incorporated into Section 6 of Article XIIIB of the California Constitution upon passage of Proposition 4, the "Gann Initiative," in 1979.

Since the inception of the reimbursement program, over 50 statutes have been enacted by the Legislature in which a State-mandated local program was funded. These programs have been primarily in such areas as social services, health, and justice.

However, while the State has increasingly relied on counties to administer such programs, it has not provided commensurate funding. Soon after SB 90 became law, the Legislature began to "disclaim" State-mandated costs by including statements in legislation explaining why the mandated costs were not reimburseable. This technique has been used on bills which obviously impose a new or additional duty on local entities with identifiable additional costs which are not otherwise funded but which the Legislature, for policy, political, or other reasons, specifically

exempts from SB 90 reimbursement requirements. Other bills have failed to address the SB 90 issue completely by containing no disclaimer or appropriation.

Prior to Proposition 13, counties could adjust their property tax rates to meet the revenue needs imposed by unreimbursed or underfunded mandates. After its passage, such adjustments were prohibited and counties were forced to absorb these costs within their available revenues. A series of short-term "bailout" bills have provided some fiscal relief for counties in the post-Proposition 13 period but has done little to stem the alarming increases in mandated program costs.

As in 1985, we again surveyed the counties to determine their cost increases for welfare, jails, and court programs and compared them to increases in discretionary revenue. The results are presented in Table 6 and, unfortunately, confirm a trend we identified last year. Costs for State-mandated programs continue to rise out of control. Since 1980, county costs for welfare have risen an average of 89 percent, jails 153 percent, and courts 78 percent. At the same time, increases in discretionary revenues have averaged only 48 percent. This trend has accelerated during the past and current fiscal years, with program costs experiencing an up to five fold increase over discretionary revenues. Clearly the problem is getting worse, not better.

The sharp increase in criminal justice costs is due in large part to the numerous anti-crime bills passed by the Legislature in the early 1980's. While politically popular, these new laws mandated additional crime programs which overfilled both the jails and the courts. In some cases, new facilities have been constructed. The extraordinary 1,430 percent jail cost increase in Amador County reflects

construction of a new jail. On the other hand, the zero percent cost increase for Alpine County is less a result of sound fiscal management than the fact that the county has no jail. Increasing court costs can be especially disastrous for smaller counties when a lengthy criminal trial can quickly exhaust a county's justice budget.

Welfare costs have risen as a result of caseload increases stemming from such factors as depressed rural economies and migration of recipients from out-of-state. Another factor has been increases in the level of general assistance. This has often been mandated by the courts. Twenty-one counties reported that their General Assistance programs had been challenged in court. In eight cases, either a judgment increasing the grant level was rendered, or an increase was reached in an out-of-court settlement.

These results clearly show that the spiraling costs of mandates cut across geographic and economic boundaries. As further evidence, Table 7 lists the five counties with the highest percentage cost increases for mandated programs for FY 1980-81 to FY 1985-86 and FY 1985-86 to 1986-87. While rural counties have borne the brunt of such increases, it is actually large urban counties which have experienced the largest cost increases for welfare and court programs since 1980. While urban counties have been better able to deal with the rising costs of mandates, due to their larger and more diverse economies, they have not been immune to its effects. They too are dealing with the issues of shortfalls, cutbacks, and layoffs which the smaller counties have been struggling with during the past several years.

Reserves/Surplus

One of the best indicators of fiscal soundness is the amount of money set aside in the budget to meet emergency or unforeseen situations. Reserves are used to offset declining revenues or to meet unanticipated expenditures, such as a costly criminal trial. Governor Deukmejian has been adamant in maintaining the State's "Reserve for Economic Uncertainties" at one billion dollars. Both the Governor and the Legislature have indicated that a 3.7 percent reserve level, as a percentage of the total budget, is the "necessary minimum" as a prudent reserve for economic uncertainties. In fact, a five percent reserve has been suggested by the Legislative Analyst as the appropriate amount for California.

Opponents of increased State assistance to counties have long believed that counties are in sound financial condition with healthy reserves. Our survey has found just the opposite to be the case. As Table 8 shows, reserves for emergencies and contingencies taken together, comprise, on average, just 0.9 percent of a county's total budget for FY 1986-87. Twenty-two counties experienced a decrease in reserve as a percentage of the budget between the past and current fiscal years. Only three counties have reserve levels above the "necessary minimum" 3.7 percent level, while most others are in the one-half to three percent range. Nearly one-third of the counties reported that they had budgeted no money for emergencies.

Another strong sign of a county's economic health is the increase or decrease in the amount of money carried over from one fiscal year to the next -- also known as the "fund balance" or "surplus." A declining carry-over balance means that a

county has not received enough revenue to meet its service demands. In order to fund expenditures, a county must use its reserves. Traditionally, monies set aside for reserves have come from fund balances available. Low fund balances also mean less cash on hand to begin the next fiscal year. Not surprisingly, our survey found that as reserve levels have declined there has been corresponding decrease in county fund balances. As a percentage of the total budget, surplus levels have been declining since 1980. Furthermore, this trend has accelerated since 1985. (See Table 9)

What is particularly disturbing are the wild fluctuations in fund balance levels, especially over the past two fiscal years. In many cases, counties with a surplus in one year have little or none the following year. The inability to maintain a stable positive fund balance is yet another symptom of the county's fiscal dilemma.

APPENDIX

CALIFORNIA CONSUMER PRICE INDEX

The Consumer Price Index (CPI) is a measure of the price changes in goods and services typically purchased by urban consumers. It is based upon the average prices of a fixed "market basket" of goods and services. Major components of the index include food, housing, apparel, transportation, medical care, entertainment and other goods and services.

The CPI measures price changes from the 1967 base period, equal to 100. Movements of the index are usually expressed on percent changes rather than changes in index points.

The State Department of Industrial Relations prepares a California CPI estimate. The measure is a weighted average of the Los Angeles, San Francisco, and San Diego CPI's published by the U.S. Bureau of Labor Statistics. A weighted average of indexes for 85 Standard Metropolitan Statistical Areas (SMA's) across the country, comprises the U.S. Consumer Price Index.

Average Percentage Change in CPI

<u>Fiscal Year</u>	<u>California</u>	<u>Los Angeles</u>	<u>San Francisco</u>	<u>San Diego</u>	<u>United States</u>
1980-81	10.8	9.7	13.0	13.5	10.4
1981-82	6.1	6.0	6.9	7.4	6.1
1982-83	1.8	1.8	1.1	2.5	3.2
1983-84	5.0	4.6	5.8	5.9	4.3
1984-85	4.6	4.6	4.0	5.4	3.6
1985-86	3.3	3.5	2.7	3.4	2.3
1986-87 (est)	4.4	4.3	4.1	5.3	3.2
1980-81 to					
1985-86	36.2	34.0	38.4	43.7	33.6
1985-86 to					
1986-87	7.8	8.0	7.0	9.1	5.6

Source: U.S. Department of Labor, Bureau of Labor Statistics

Table 1
COUNTY DISCRETIONARY
REVENUE

	County Discretionary Revenue 85-86	Percent of 85-86 Budget	County Discretionary Revenue 86-87	Percent of 86-87 Budget	85-86 to 86-87 Dollar Change	Percentage Change
Alameda	\$ 265,517,147	34.3%				
Alpine	1,909,672	39.8%	2,100,000	39.8%	190,328	9.97%
Amador	8,578,258	50.7%	8,771,000	47.6%	192,742	2.25%
Butte	24,479,282	30.9%				
Calaveras	5,252,967	28.4%	5,274,881	29.0%	21,914	0.42%
Colusa	6,012,968	39.1%	5,552,119	33.4%	(460,849)	-7.66%
Contra Costa	192,165,477	52.2%	202,301,054	50.3%	10,135,577	5.27%
Del Norte	3,519,117	20.9%	3,564,714	18.4%	45,597	1.30%
El Dorado	23,234,694	41.0%	24,683,222	33.0%	1,448,528	6.23%
Fresno	126,830,993	24.8%	118,298,057	20.8%	(8,532,936)	-6.73%
Glenn	6,756,000	35.7%	7,087,000	33.4%	331,000	4.90%
Humboldt	19,622,996	29.1%	19,351,600	24.3%	(271,396)	-1.38%
Imperial						
Inyo	10,202,601	53.6%	10,101,800	50.9%	(100,801)	-0.99%
Kern	146,699,887	34.1%	149,244,762	38.7%	2,544,875	1.73%
Kings	20,616,936	37.7%	24,747,335	37.9%	4,130,399	20.03%
Lake	23,000,000	41.4%				
Lassen	5,426,329	31.8%	5,910,936	36.6%	484,607	8.93%
Los Angeles	1,862,989,519	27.9%	1,929,220,304	27.3%	66,230,785	3.56%
Madera						
Marin						
Mariposa	4,876,508	36.7%	4,700,575	32.9%	(175,933)	-3.61%
Mendocino	18,682,768	34.8%	20,093,486	34.5%	1,410,718	7.55%
Merced	37,055,467	25.2%	37,210,436	25.3%	154,969	0.42%
Modoc	3,537,116	34.1%	3,452,048	34.4%	(85,068)	-2.41%
Mono	8,072,820	46.8%	7,914,700	60.7%	(158,120)	-1.96%
Monterey						
Napa	19,330,180	35.4%	19,716,593	31.8%	386,413	2.00%

Table 1
COUNTY DISCRETIONARY
REVENUE

	County Discretionary Revenue 85-86	Percent of 85-86 Budget	County Discretionary Revenue 86-87	Percent of 86-87 Budget	85-86 to 86-87 Dollar Change	86-87 Percentage Change
Nevada	13,647,380	32.1%	14,244,818	30.6%	597,438	4.38%
Orange						
Placer	35,035,278	32.3%	36,130,484	31.6%	1,095,206	3.13%
Plumas	6,272,250	27.2%	6,300,000	29.3%	27,750	0.44%
Riverside	153,458,820	25.1%	161,856,281	25.0%	8,397,461	5.47%
Sacramento	210,317,629	27.0%	213,943,279	25.3%	3,625,650	1.72%
San Benito	6,527,725	49.5%	6,846,052	48.9%	318,327	4.88%
San Bernardino						
San Diego	328,130,000	32.9%	364,560,000	33.4%	36,430,000	11.10%
San Francisco	682,021,000	38.3%	750,223,000	39.8%	68,202,000	10.00%
San Joaquin	97,991,464	30.5%	100,000,000	27.8%	2,008,536	2.05%
San Luis Obispo	52,602,313	50.6%	53,167,931	46.2%	565,618	1.08%
San Mateo	119,264,984	40.0%	129,664,401	34.9%	10,399,417	8.72%
Santa Barbara						
Santa Clara	237,218,000	27.2%	251,095,000	26.8%	13,877,000	5.85%
Santa Cruz						
Shasta						
Sierra	1,966,000	32.2%				
Siskiyou						
Solano	47,586,441	36.1%	53,245,746	39.0%	5,659,305	11.89%
Sonoma	82,673,853	48.4%	83,690,585	41.3%	1,016,732	1.23%
Stanislaus	41,800,000	23.9%	46,022,000	23.2%	4,222,000	10.10%
Sutter						
Tehama	7,894,063	25.8%	8,148,264	22.8%	254,201	3.22%
Trinity						
Tulare	55,478,580	26.0%	56,696,350	26.8%	1,217,770	2.20%
Tuolumne	11,204,425	36.8%	11,556,950	35.9%	352,525	3.15%
Ventura	124,811,900	35.4%	124,258,300	36.8%	(553,600)	-0.44%

Table 1
COUNTY DISCRETIONARY
REVENUE

	County Discretionary Revenue 85-86	Percent of 85-86 Budget	County Discretionary Revenue 86-87	Percent of 86-87 Budget	85-86 to 86-87 Dollar Change	85-86 to 86-87 Percentage Change
Yolo	31,953,086	39.8%	27,637,812	35.5%	(4,315,274)	-13.51%
Yuba	10,171,818	26.8%	8,867,861	20.2%	(1,303,957)	-12.82%
Total	\$5,202,396,711	1610.3%	\$5,117,451,736	1422.1%	\$230,017,454	113.7%
Total # of Counties Reporting	46	46	42	42	42	42
Average Discretionary Dollars	\$113,095,581	31.2%	\$121,844,089	30.5%	8,748,508	7.74%

Table 2
COUNTY DISCRETIONARY REVENUE SPENT ON
MANDATED PURPOSES

	County Discretionary Revenue Spent on Mandated Purposes 85-86	Percent of 85-86 Discretionary Revenue	County Discretionary Revenue Spent on Mandated Purposes 86-87	Percent of 87-87 Discretionary Revenue	85-86 to 86-87 Dollar Change	86-87 Percentage Change
Alameda	\$246,517,187	92.8%				
Alpine	1,199,453	62.8%	640,000	30.5%	(559,453)	-46.6%
Amador	7,850,258	91.5%	7,711,500	87.9%	(138,758)	-1.8%
Butte	22,190,992	90.7%				
Calaveras	4,952,967	94.3%	4,974,881	94.3%	21,914	0.4%
Colusa	5,079,840	84.5%	4,705,242	84.7%	(374,598)	-7.4%
Contra Costa	161,987,123	84.3%	165,420,054	81.8%	3,432,931	2.1%
Del Norte	3,086,170	87.7%	3,107,875	87.2%	21,705	0.7%
El Dorado	17,826,418	76.7%	20,321,562	82.3%	2,495,144	14.0%
Fresno	116,870,798	92.1%	115,594,252	97.7%	(1,276,546)	-1.1%
Glenn	4,786,416	70.8%	4,947,000	69.8%	160,584	3.4%
Humboldt	18,551,446	94.5%	20,411,200	105.5%	1,859,754	10.0%
Imperial						
Inyo	8,933,618	87.6%	9,086,100	89.9%	152,482	1.7%
Kern	112,303,997	76.6%	118,667,972	79.5%	6,363,975	5.7%
Kings	17,261,463	83.7%	18,669,917	75.4%	1,408,454	8.2%
Lake	19,968,201	86.8%				
Lassen	4,519,676	83.3%	4,922,762	83.3%	403,086	8.9%
Los Angeles	1,624,471,265	87.2%	1,714,483,225	88.9%	90,011,960	5.5%
Madera						
Marin						
Mariposa	3,727,974	76.4%	3,586,105	76.3%	(141,869)	-3.8%
Mendocino	16,667,413	89.2%	18,603,486	92.6%	1,936,073	11.6%
Merced	29,363,346	79.2%	29,587,337	79.5%	223,991	0.8%
Modoc	2,829,433	80.0%	2,568,538	74.4%	(260,895)	-9.2%

Table 2
COUNTY DISCRETIONARY REVENUE SPENT ON
MANDATED PURPOSES

	County Discretionary Revenue Spent on Mandated Purposes 85-86	Percent of 85-86 Discretionary Revenue	County Discretionary Revenue Spent on Mandated Purposes 86-87	Percent of 87-87 Discretionary Revenue	85-86 to 86-87 Dollar Change	86-87 Percentage Change
Mono	7,399,820	91.7%	7,455,700	94.2%	55,880	0.8%
Monterey						
Napa	14,091,269	72.9%	9,124,545	46.3%	(4,966,724)	-35.2%
Nevada	11,276,070	82.6%	11,470,336	80.5%	194,266	1.7%
Orange						
Placer	24,976,544	71.3%	26,400,228	73.1%	1,423,684	5.7%
Plumas	5,749,537	91.7%	5,436,911	86.3%	(312,626)	-5.4%
Riverside	147,406,941	96.1%	155,100,791	95.8%	7,693,850	5.2%
Sacramento	184,806,288	87.9%	189,274,875	88.5%	4,468,587	2.4%
San Benito	6,038,581	92.5%	6,326,429	92.4%	287,848	4.8%
San Bernardino						
San Diego	288,898,037	88.0%	327,353,624	89.8%	38,455,587	13.3%
San Francisco	442,751,425	64.9%	495,514,703	66.0%	52,763,278	11.9%
San Joaquin	89,941,750	91.8%	91,928,600	91.9%	1,986,850	2.2%
San Luis Obispo	34,380,402	65.4%	36,100,415	67.9%	1,720,013	5.0%
San Mateo	107,752,209	90.3%	117,762,827	90.8%	10,010,618	9.3%
Santa Barbara						
Santa Clara	213,819,670	90.1%	239,193,397	95.3%	25,373,727	11.9%
Santa Cruz						
Shasta						
Sierra	1,754,500	89.2%				
Siskiyou						
Solano	46,523,913	97.8%	49,983,746	93.9%	3,459,833	7.4%
Sonoma	55,574,118	67.2%	55,535,585	66.4%	(38,533)	-0.1%
Stanislaus	36,417,000	87.1%	42,467,000	92.3%	6,050,000	16.6%

Table 2
COUNTY DISCRETIONARY REVENUE SPENT ON
MANDATED PURPOSES

	County Discretionary Revenue Spent on Mandated Purposes 85-86	Percent of 85-86 Discretionary Revenue	County Discretionary Revenue Spent on Mandated Purposes 86-87	Percent of 87-87 Discretionary Revenue	85-86 to 86-87 Dollar Change	86-87 Percentage Change
Sutter						
Tehama	7,027,360	89.0%	7,462,888	91.6%	435,528	6.2%
Trinity						
Tulare	52,510,087	94.6%	54,240,453	95.7%	1,730,366	3.3%
Tuolumne	8,059,383	71.9%	8,199,407	70.9%	140,024	1.7%
Ventura	114,420,300	91.7%	118,323,800	95.2%	3,903,500	3.4%
Yolo	28,262,413	88.4%	25,325,442	91.6%	(2,936,971)	-10.4%
Yuba	9,374,202	92.2%	8,222,288	92.7%	(1,151,914)	-12.3%
Total	\$4,390,157,273	3899.3%	\$4,356,212,998	3510.7%	\$256,486,605	52.5%
Number of Counties Reporting	46	46	42	42	42	
Average	\$95,438,202	84.4%	\$103,719,357	85.1%	\$8,281,156	8.7%

Table 3
COUNTY DISCRETIONARY REVENUE
SPENT ON 'REAL' DISCRETIONARY FUNCTIONS

	County Discretionary Revenue Spent On 'Real' Discretionary Functions 85-86	Percent of 85-86 Budget	County Discretionary Revenue Spent On 'Real' Discretionary Functions 86-87	Percent of 86-87 Budget	85-86 to 86-87 Dollar Change	Percentage Change
Alameda	\$18,999,960	2.5%				
Alpine	710,219	14.8%	1,460,000	27.6%	749,781	105.57%
Amador	728,000	4.3%	1,059,500	5.7%	331,500	45.54%
Butte	2,288,290	2.9%				
Calaveras	300,000	1.6%	300,000	1.6%	0	0.00%
Colusa	933,128	6.1%	846,877	5.1%	(86,251)	-9.24%
Contra Costa	30,178,354	8.2%	36,881,000	9.2%	6,702,646	22.21%
Del Norte	432,947	2.6%	456,839	2.4%	23,892	5.52%
El Dorado	5,408,276	9.5%	4,361,660	5.8%	(1,046,616)	-19.35%
Fresno	9,960,195	1.9%	2,703,805	0.5%	(7,256,390)	-72.85%
Glenn	1,969,584	10.4%	2,140,000	10.1%	170,416	8.65%
Humboldt	1,071,550	1.6%	1,340,500	1.7%	268,950	25.10%
Imperial						
Inyo	1,269,043	6.7%	1,015,700	5.1%	(253,343)	-19.96%
Kern	34,395,890	8.0%	30,576,829	7.9%	(3,819,061)	-11.10%
Kings	3,355,473	6.1%	6,077,418	9.3%	2,721,945	81.12%
Lake	3,031,799	5.5%				
Lassen	906,653	5.3%	988,174	6.1%	81,521	8.99%
Los Angeles	238,518,254	3.6%	214,737,079	3.0%	(23,781,175)	-9.97%
Madera						
Marin						
Mariposa	1,148,534	8.6%	1,114,470	7.8%	(34,064)	-2.97%
Mendocino	2,015,355	3.8%	1,490,000	2.6%	(525,355)	-26.07%
Merced	7,692,124	5.2%	7,623,099	5.2%	(69,025)	-0.90%
Modoc	707,683	6.8%	883,510	8.8%	175,827	24.85%

Table 3
COUNTY DISCRETIONARY REVENUE
SPENT ON 'REAL' DISCRETIONARY FUNCTIONS

	County Discretionary Revenue Spent On 'Real' Discretionary Functions 85-86	Percent of 85-86 Budget	County Discretionary Revenue Spent On 'Real' Discretionary Functions 86-87	Percent of 86-87 Budget	85-86 to 86-87 Dollar Change	Percentage Change
Mono	673,000	3.9%	459,000	3.5%	(214,000)	-31.80%
Monterey						
Napa	5,238,911	9.6%	10,592,048	17.1%	5,353,137	102.18%
Nevada	2,371,310	5.6%	2,774,482	6.0%	403,172	17.00%
Orange						
Placer	10,058,734	9.3%	9,730,256	8.5%	(328,478)	-3.27%
Plumas	522,713	2.3%	863,089	4.0%	340,376	65.12%
Riverside	6,051,879	1.0%	6,755,490	1.0%	703,611	11.63%
Sacramento	25,511,341	3.3%	24,668,404	2.9%	(842,937)	-3.30%
San Benito	489,144	3.7%	519,623	3.7%	30,479	6.23%
San Bernardino						
San Diego	39,231,963	3.9%	37,206,376	3.4%	(2,025,587)	-5.16%
San Francisco	239,269,575	13.4%	254,708,293	13.5%	15,438,718	6.45%
San Joaquin	8,049,714	2.5%	8,071,400	2.2%	21,686	0.27%
San Luis Obispo	18,221,911	17.5%	17,067,516	14.8%	(1,154,395)	-6.34%
San Mateo	11,512,775	3.9%	11,901,574	3.2%	388,799	3.38%
Santa Barbara						
Santa Clara	23,398,330	2.7%	11,901,603	1.3%	(11,496,727)	-49.13%
Santa Cruz						
Shasta						
Sierra	210,960	3.5%				
Siskiyou						
Solano	1,062,528	0.8%	3,262,000	2.4%	2,199,472	207.00%
Sonoma	27,099,735	15.9%	28,155,000	13.9%	1,055,265	3.89%
Stanislaus	5,383,000	3.1%	3,555,000	1.8%	(1,828,000)	-33.96%

Table 3
COUNTY DISCRETIONARY REVENUE
SPENT ON 'REAL' DISCRETIONARY FUNCTIONS

	County Discretionary Revenue Spent On 'Real' Discretionary Functions 85-86	Percent of 85-86 Budget	County Discretionary Revenue Spent On 'Real' Discretionary Functions 86-87	Percent of 86-87 Budget	85-86 to 86-87 Dollar Change	86-87 Percentage Change
Sutter						
Tehama	866,703	2.8%	685,376	1.9%	(181,327)	-20.92%
Trinity						
Tulare	2,968,493	1.4%	2,455,897	1.2%	(512,596)	-17.27%
Tuolumne	3,145,042	10.3%	3,357,543	10.4%	212,501	6.76%
Ventura	10,391,600	2.9%	5,934,500	1.8%	(4,457,100)	-42.89%
Yolo	3,690,673	4.6%	2,312,370	3.0%	(1,378,303)	-37.35%
Yuba	797,616	2.1%	645,573	1.5%	(152,043)	-19.06%
Total	\$812,238,961	255.9%	\$763,638,873	248.6%	(\$24,069,079)	-2.96%
Total # of Counties Reporting	46	46	42	42	42	42
Average Discretionary Dollars Spent on 'Real' Discretionary Functions	\$17,657,369	4.9%	\$18,181,878	4.5%	524,509	2.97%

Table 4
GROWTH OF COUNTY DISCRETIONARY
REVENUE AND INFLATION

	County Discretionary Revenue 85-86	County Discretionary Revenue 86-87	Discretionary Revenue Needed to Pace Inflation (a)	Additional Revenue Needed to Pace Inflation	Percentage of 86-87 Discretionary Revenue
Alameda	\$ 265,517,147				
Alpine	1,909,672	2,100,000	2,058,626	(41,374)	-2.0%
Amador	8,578,258	8,771,000	9,247,362	476,362	5.4%
Butte	24,479,282				
Calaveras	5,252,967	5,274,881	5,662,698	387,817	7.4%
Colusa	6,012,968	5,552,119	6,481,980	929,861	16.7%
Contra Costa	192,165,477	202,301,054	207,154,384	4,853,330	2.4%
Del Norte	3,519,117	3,564,714	3,793,608	228,894	6.4%
El Dorado	23,234,694	24,683,222	25,047,000	363,778	1.5%
Fresno	126,830,993	118,298,057	136,723,810	18,425,753	15.6%
Glenn	6,756,000	7,087,000	7,282,968	195,968	2.8%
Humboldt	19,622,996	19,351,600	21,153,590	1,801,990	9.3%
Imperial					
Inyo	10,202,601	10,101,800	10,998,404	896,604	8.9%
Kern	146,699,887	149,244,762	158,142,478	8,897,716	6.0%
Kings	20,616,936	24,747,335	22,225,057	(2,522,278)	-10.2%
Lake	23,000,000				
Lassen	5,426,329	5,910,936	5,849,583	(61,353)	-1.0%
Los Angeles	1,862,989,519	1,929,220,304	2,008,302,701	79,082,397	4.1%
Madera					
Marin					
Mariposa	4,876,508	4,700,575	5,256,876	556,301	11.8%
Mendocino	18,682,768	20,093,486	20,140,024	46,538	0.2%
Merced	37,055,467	37,210,436	39,945,793	2,735,357	7.4%
Modoc	3,537,116	3,452,048	3,813,011	360,963	10.5%
Mono	8,072,820	7,914,700	8,702,500	787,800	10.0%

Table 4
GROWTH OF COUNTY DISCRETIONARY
REVENUE AND INFLATION

	County Discretionary Revenue 85-86	County Discretionary Revenue 86-87	Discretionary Revenue Needed to Pace Inflation (a)	Additional Revenue Needed to Pace Inflation	Percentage of 86-87 Discretionary Revenue
Monterey					
Napa	19,330,180	19,716,593	20,837,934	1,121,341	5.7%
Nevada	13,647,380	14,244,818	14,711,876	467,058	3.3%
Orange					
Placer	35,035,278	36,130,484	37,768,030	1,637,546	4.5%
Plumas	6,272,250	6,300,000	6,761,486	461,486	7.3%
Riverside	153,458,820	161,856,281	165,428,608	3,572,327	2.2%
Sacramento	210,317,629	213,943,279	226,722,404	12,779,125	6.0%
San Benito	6,527,725	6,846,052	7,036,888	190,836	2.8%
San Bernardino					
San Diego	328,130,000	364,560,000	353,724,140	(10,835,860)	-3.0%
San Francisco	682,021,000	750,223,000	735,218,638	(15,004,362)	-2.0%
San Joaquin	97,991,464	100,000,000	105,634,798	5,634,798	5.6%
San Luis Obispo	52,602,313	53,167,931	56,705,293	3,537,362	6.7%
San Mateo	119,264,984	129,664,401	128,567,653	(1,096,748)	-0.8%
Santa Barbara					
Santa Clara	237,218,000	251,095,000	255,721,004	4,626,004	1.8%
Santa Cruz					
Shasta					
Sierra	1,966,000				
Siskiyou					
Solano	47,586,441	53,245,746	51,298,183	(1,947,563)	-3.7%
Sonoma	82,673,853	83,690,585	89,122,414	5,431,829	6.5%
Stanislaus	41,800,000	46,022,000	45,060,400	(961,600)	-2.1%
Sutter					
Tehama	7,894,063	8,148,264	8,509,800	361,536	4.4%

Table 4
GROWTH OF COUNTY DISCRETIONARY
REVENUE AND INFLATION

	County Discretionary Revenue 85-86	County Discretionary Revenue 86-87	Discretionary Revenue Needed to Pace Inflation (a)	Additional Revenue Needed to Pace Inflation	Percentage of 86-87 Discretionary Revenue
Trinity					
Tulare	55,478,580	56,696,350	59,805,909	3,109,559	5.5%
Tuolumne	11,204,425	11,556,950	12,078,370	521,420	4.5%
Ventura	124,811,900	124,258,300	134,547,228	10,288,928	8.3%
Yolo	31,953,086	27,637,812	34,445,427	6,807,615	24.6%
Yuba	10,171,818	8,867,861	10,965,220	2,097,359	23.7%
Total	\$5,202,396,711	\$5,117,451,736	\$5,268,654,156	\$151,202,420	224.9%
Number of Counties Reporting	46	42	42	42	42
Average	\$113,095,581	\$121,844,089	\$121,917,036	\$72,947	0.06%

(a) Based on 7.8% increase in California CPI
from 1985-86 to 1986-87 as projected by
California Department of Finance.

Table 5
DISCRETIONARY REVENUE PER CAPITA

	Discretionary Revenue Per Capita		85-86 to 86-87	
	1985-86 (a)	1986-87 (b)	Dollar Change	Percentage Change
Alameda	\$ 221.82			
Alpine	1,591.39	1779.66	188.27	10.6%
Amador	366.59	370.87	4.27	1.2%
Butte	149.26			
Calaveras	196.01	193.57	-2.43	-1.3%
Colusa	409.05	373.88	-35.17	-9.4%
Contra Costa	267.79	279.42	11.63	4.2%
Del Norte	187.19	187.62	0.43	0.2%
El Dorado	221.92	232.64	10.72	4.6%
Fresno	220.12	203.89	-16.22	-8.0%
Glenn	291.21	305.47	14.27	4.7%
Humboldt	173.65	170.05	-3.61	-2.1%
Imperial				
Inyo	554.49	550.51	-3.98	-0.7%
Kern	305.24	306.58	1.34	0.4%
Kings	242.84	290.12	47.28	16.3%
Lake	476.19			
Lassen	220.58	237.39	16.80	7.1%
Los Angeles	230.42	236.56	6.14	2.6%
Madera				
Marin				
Mariposa	363.92	350.79	-13.13	-3.7%
Mendocino	253.15	270.44	17.28	6.4%
Merced	230.88	229.55	-1.32	-0.6%
Modoc	372.33	362.42	-9.91	-2.7%
Mono	868.05	848.76	-19.28	-2.3%
Monterey				
Napa	185.87	188.50	2.63	1.4%
Nevada	199.82	204.67	4.85	2.4%
Orange				

Table 5

DISCRETIONARY REVENUE PER CAPITA

	Discretionary Revenue Per Capita		85-86 to 86-87	
	1985-86 (a)	1986-87 (b)	Dollar Change	Percentage Change
Placer	253.15	257.52	4.38	1.7%
Plumas	326.68	325.58	-1.10	-0.3%
Riverside	187.01	193.03	6.02	3.1%
Sacramento	235.31	236.27	0.96	0.4%
San Benito	214.02	220.48	6.46	2.9%
San Bernardino				
San Diego	153.94	168.29	14.36	8.5%
San Francisco	927.92	1011.63	83.71	8.3%
San Joaquin	235.16	236.29	1.13	0.5%
San Luis Obispo	276.71	275.62	-1.08	-0.4%
San Mateo	193.42	210.12	16.70	7.9%
Santa Barbara				
Santa Clara	169.43	178.96	9.53	5.3%
Santa Cruz				
Shasta				
Sierra	561.71			
Siskiyou				
Solano	172.92	190.50	17.59	9.2%
Sonoma	246.49	246.58	0.09	0.0%
Stanislaus	137.09	148.75	11.65	7.8%
Sutter				
Tehama	178.20	182.90	4.71	2.6%
Trinity				
Tulare	197.78	200.34	2.56	1.3%
Tuolumne	274.62	277.15	2.53	0.9%
Ventura	207.95	205.01	-2.94	-1.4%
Yolo	257.69	222.17	-35.52	-16.0%
Yuba	187.33	162.71	-24.61	-15.1%

Table 5
DISCRETIONARY REVENUE PER CAPITA

	Discretionary Revenue Per Capita		85-86 to 86-87	
	1985-86 (a)	1986-87 (b)	Dollar Change	Percentage Change
Total	\$14,394.28	13,323.28	337.99	58.48%
Number of Counties Reporting	46	42	42	42
Average	\$312.92	\$317.22	\$4.30	1.4%

a Department of Finance Population estimates July 1, 1985

b Department of Finance Population estimates January 1, 1986

Table 6
 PERCENTAGE COUNTY COST INCREASES
 FOR STATE MANDATED PROGRAMS
 AND DISCRETIONARY REVENUE

	Welfare		Jails		Courts		Discretionary Revenue	
	1980-81 to 1985-86	1985-86 to 1986-87	1980-81 to 1985-86	1985-86 to 1986-87	1980-81 to 1985-86	1985-86 to 1986-87	1980-81 to 1985-86	1985-86 to 1986-87
Alameda	25.0		47.1		49.5		26.7	
Alpine	44.0	53.0	0.0	0.0	7.0	15.0		10.0
Amador	165.0	7.0	1430.0	3.0	60.0	30.0	72.0	2.2
Butte	132.0		174.0		24.0		15.8	
Calaveras								0.4
Colusa	247.0	29.0	225.0	-1.5	223.0	12.0	192.0	-7.7
Contra Costa	27.8	8.0	53.9	9.5	58.5	9.2		5.3
Del Norte	44.7	16.6	23.4	-7.0	-12.1	13.1	1.6	1.3
El Dorado	92.8	12.0	30.1	11.7	48.0	12.7	61.2	6.2
Fresno	96.9	4.1	76.4	30.2	52.9	11.4	19.3	-6.7
Glenn								4.9
Humboldt	51.7	21.9	28.0	20.2	48.6	7.7	13.3	-1.4
Imperial								
Inyo	106.0	30.0	149.0	3.0	106.0	3.2		-1.0
Kern	56.5	16.3	174.0	6.0	374.1	8.3		1.7
Kings	59.5	14.9	129.6	9.1	98.6	11.0	39.2	20.0
Lake								
Lassen	37.9	12.5	44.9	18.6	27.0	0.04	23.2	8.9
Los Angeles	119.1	3.6	84.7	5.0	75.9	3.6	44.2	3.5
Madera								
Marin								
Mariposa	158.6	12.3	76.2	-7.1	124.3	-17.0	105.2	-3.6
Mendocino	46.9	-10.6	206.1	14.8	101.1	19.2	32.4	7.6
Merced	107.0	11.2	57.7	10.2	62.3	9.4	1.2	0.4
Modoc								-2.4
Mono	52.0	22.1	415.0	16.0	54.0	22.9		-1.9
Monterey								
Napa	60.1	10.6	75.1	5.4	72.3	17.1	51.6	2.0
Nevada	87.0	16.0	215.0	17.0	140.0	9.0	35.8	4.4

Table 6
 PERCENTAGE COUNTY COST INCREASES
 FOR STATE MANDATED PROGRAMS
 AND DISCRETIONARY REVENUE

	Welfare		Jails		Courts		Discretionary Revenue	
	1980-81	1985-86	1980-81	1985-86	1980-81	1985-86	1980-81	1985-86
	to	to	to	to	to	to	to	to
	1985-86	1986-87	1985-86	1986-87	1985-86	1986-87	1985-86	1986-87
Orange								
Placer	158.5	-5.3	49.4	16.5	61.7	3.2	57.5	3.1
Plumas								0.4
Riverside	36.6	1.8	172.9	12.5	279.7	15.5		5.5
Sacramento	248.0	2.0	62.0	13.0	149.0	7.0	51.6	1.7
San Benito	102.0	10.0	188.0	3.0	32.0	11.0	60.0	4.9
San Bernardino								
San Diego	51.1	12.8	143.1	4.9	58.3	1.8	72.3	11.1
San Francisco							86.0	10.0
San Joaquin	58.6	11.9	102.0	11.5	30.0	16.0	61.7	2.0
San Luis Obispo	20.8	17.2	70.8	20.8	93.9	28.7	100.6	1.1
San Mateo	58.5	0.0	76.8	8.7	68.9	16.6	57.4	8.7
Santa Barbara								
Santa Clara							75.8	5.8
Santa Cruz								
Shasta								
Sierra	70.0		175.0		-16.9		36.3	
Siskiyou								
Solano							15.1	11.9
Sonoma	25.0	-3.9	397.0	22.9	55.0	3.2	73.8	1.2
Stanislaus	63.2	17.0	50.6	5.0	27.5	0.0	5.0	10.1
Sutter								
Tehama	246.0	10.1	50.1	20.2	46.0	36.3	29.5	3.2
Trinity								
Tulare	51.0	18.0	70.5	16.0	37.5	18.0	23.5	2.2
Tuolumne	166.0	16.1	217.0	40.7	117.0	17.5	7.0	3.1
Ventura	37.3	2.9	91.5	5.9	16.8	4.6		-0.4
Yolo	77.7	-8.1	131.1	-9.1	39.3	6.1	19.7	-13.5
Yuba	75.0	23.0	67.0	6.0	60.0	10.0		-12.8

Table 6
 PERCENTAGE COUNTY COST INCREASES
 FOR STATE MANDATED PROGRAMS
 AND DISCRETIONARY REVENUE

	Welfare		Jails		Courts		Discretionary Revenue	
	1980-81 to 1985-86	1985-86 to 1986-87	1980-81 to 1985-86	1985-86 to 1986-87	1980-81 to 1985-86	1985-86 to 1986-87	1980-81 to 1985-86	1985-86 to 1986-87
Total	3362.8	416.0	5830.0	362.6	2950.7	393.3	1567.5	113.4
Total # of Counties Reporting	38	35	38	35	38	35	33	42
Average Percentage County Cost Increase	88.5	11.9	153.4	10.4	77.7	11.2	47.5	2.7

Table 7

COUNTIES EXHIBITING HIGHEST PERCENTAGE COST INCREASES
FOR STATE-MANDATED PROGRAMS

FY 1980-81 <u>to 1985-86</u>			FY 1985-86 <u>to 1986-87</u>		
<u>WELFARE</u>					
(7)	Sacramento	248.0	(58)	Alpine	53.0
(52)	Colusa	247.0	(51)	Inyo	30.0
(41)	Tehama	246.0	(52)	Colusa	29.0
(43)	Tuolumne	166.0	(39)	Yuba	23.0
(47)	Amador	165.0	(56)	Mono	22.1
<u>JAILS</u>					
(47)	Amador	1430.0	(43)	Tuolumne	40.7
(56)	Mono	415.0	(13)	Fresno	30.2
(16)	Sonoma	397.0	(16)	Sonoma	22.9
(52)	Colusa	225.0	(24)	San Luis Obispo	20.8
(43)	Tuolumne	217.0	(30)	Humboldt	20.2
<u>COURTS</u>					
(14)	Kern	374.1	(47)	Tehama	36.3
(8)	Riverside	279.7	(48)	Amador	30.0
(52)	Colusa	223.0	(24)	San Luis Obispo	28.7
(7)	Sacramento	149.0	(56)	Mono	22.9
(37)	Nevada	140.0	(36)	Mendocino	19.7

(population rank based on January 1, 1986 Department of Finance estimates)

Table 8
COUNTY RESERVES

	Reserves For Emergencies and Contingencies 85-86	Percent of Budget 85-86	Reserves For Emergencies and Contingencies 86-87	Percent of Budget 86-87	85-86 to 86-87 Dollar Change	Percent Change
Alameda	\$8,226,008	1.1%				
Alpine	50,000	1.0%	50,000	0.95%	0	0.00%
Amador	12,000	0.1%	0	0.00%	(12,000)	-100.00%
Butte	1,008,546	1.3%				
Calaveras	300,000	1.6%	300,000	1.65%	0	0.00%
Colusa	508,458	3.3%	500,000	3.01%	(8,458)	-1.66%
Contra Costa	10,200,000	2.8%	20,449,000	5.08%	10,249,000	100.48%
Del Norte	50,000	0.3%	50,000	0.26%	0	0.00%
El Dorado	2,000,000	3.5%	1,000,000	1.34%	(1,000,000)	-50.00%
Fresno	4,113,751	0.8%	865,565	0.15%	(3,248,186)	-78.96%
Glenn	684,000	3.6%	700,000	3.30%	16,000	2.34%
Humboldt	388,600	0.6%	450,000	0.56%	61,400	15.80%
Imperial						
Inyo	100,000	0.5%	100,000	0.50%	0	0.00%
Kern	8,853,000	2.1%	3,590,860	0.93%	(5,262,140)	-59.44%
Kings	750,000	1.4%	1,850,000	2.83%	1,100,000	146.67%
Lake	2,095,000	3.8%				
Lassen	100,615	0.6%	100,000	0.62%	(615)	-0.61%
Los Angeles	24,343,655	0.4%	7,000,000	0.10%	(17,343,655)	-71.25%
Madera						
Marin						
Mariposa	235,780	1.8%	250,000	1.75%	14,220	6.03%
Mendocino	266,000	0.5%	0	0.00%	(266,000)	-100.00%
Merced	165,000	0.1%	388,000	0.26%	223,000	135.15%
Modoc	190,000	1.8%	175,000	1.74%	(15,000)	-7.89%
Mono	313,000	1.8%	350,000	2.68%	37,000	11.82%
Monterey						
Napa	1,580,000	2.9%	1,730,700	2.79%	150,700	9.54%
Nevada	520,811	1.2%	795,401	1.71%	274,590	52.72%
Orange						

Table 8
COUNTY RESERVES

	Reserves For Emergencies and Contingencies 85-86	Percent of Budget 85-86	Reserves For Emergencies and Contingencies 86-87	Percent of Budget 86-87	85-86 to 86-87 Dollar Change	Percent Change
Placer	1,727,575	1.6%	1,508,664	1.32%	(218,911)	-12.67%
Plumas	171,453	0.7%	500,000	2.32%	328,547	191.63%
Riverside	4,150,000	0.7%	4,950,000	0.77%	800,000	19.28%
Sacramento	6,744,945	0.9%	9,353,453	1.11%	2,608,508	38.67%
San Benito	325,523	2.5%	350,000	2.50%	24,477	7.52%
San Bernardino						
San Diego	24,291,770	2.4%	22,135,935	2.03%	(2,155,835)	-8.87%
San Francisco	14,327,000	0.8%	22,400,000	1.19%	8,073,000	56.35%
San Joaquin	4,500,000	1.4%	4,500,000	1.25%	0	0.00%
San Luis Obispo	9,378,420	9.0%	6,743,282	5.86%	(2,635,138)	-28.10%
San Mateo	5,250,000	1.8%	5,250,000	1.41%	0	0.00%
Santa Barbara						
Santa Clara	6,400,000	0.7%	6,900,000	0.74%	500,000	7.81%
Santa Cruz						
Shasta						
Sierra	67,960	1.1%				
Siskiyou						
Solano	337,528	0.3%	2,737,000	2.01%	2,399,472	710.90%
Sonoma	7,490,553	4.4%	4,910,000	2.42%	(2,580,553)	-34.45%
Stanislaus	1,500,000	0.9%	2,500,000	1.26%	1,000,000	66.67%
Sutter						
Tehama	421,762	1.4%	202,155	0.56%	(219,607)	-52.07%
Trinity						
Tulare	500,000	0.2%				
Tuolumne	1,537,788	5.1%	1,675,122	5.20%	137,334	8.93%
Ventura	3,650,800	1.0%	5,434,500	1.61%	1,783,700	48.86%
Yolo	933,923	1.2%	569,555	0.73%	(364,368)	-39.01%
Yuba	510,000	1.3%	435,000	0.99%	(75,000)	-14.71%
Total	\$161,271,224	78.1%	\$143,749,192	67.5%	(\$5,624,518)	977.5%

Table 8
COUNTY RESERVES

	Reserves For Emergencies and Contingencies 85-86	Percent of Budget 85-86	Reserves For Emergencies and Contingencies 86-87	Percent of Budget 86-87	85-86 to 86-87 Dollar Change	Percent Change
Total # of Counties Reporting	46	46	41	41	41	41
Average Reserves	\$3,505,896	1.0%	\$3,506,078	0.9%	182	0.01%

Table 9
CHANGE IN PERCENTAGE OF BUDGET
CARRIED OVER ANNUALLY

	1980-81 to 1985-86	1985-86 to 1986-87
Alameda	-5.3	
Alpine	15.0	6.0
Amador	-78.0	10.0
Butte		
Calaveras	-95.5	-41.9
Colusa	133.0	0.0
Contra Costa	4.0	4.0
Del Norte	-74.5	-99.0
El Dorado	-50.0	-33.3
Fresno	-32.0	-79.0
Glenn	20.0	11.0
Humboldt	-100.0	
Imperial		
Inyo	100.0	-52.0
Kern		-98.0
Kings	-22.0	9.7
Lake		
Lassen	-99.0	-100.0
Los Angeles	50.0	103.6
Madera		
Marin		
Mariposa	-27.0	
Mendocino	-90.8	-83.3
Merced	-36.6	-24.4
Modoc		
Mono	-51.0	-198.0
Monterey		
Napa		
Nevada	10.0	6.8

Table 9
CHANGE IN PERCENTAGE OF BUDGET
CARRIED OVER ANNUALLY

	1980-81 to 1985-86	1985-86 to 1986-87
Orange		
Placer	75.4	-16.5
Plumas		
Riverside	13.6	11.2
Sacramento	-29.6	-28.6
San Benito	35.0	6.0
San Bernardino		
San Diego	2.9	2.9
San Francisco		
San Joaquin	106.7	-22.6
San Luis Obispo	-8.0	-2.0
San Mateo	150.0	-36.0
Santa Barbara		
Santa Clara	-0.2	-0.3
Santa Cruz		
Shasta		
Sierra	19.6	
Siskiyou		
Solano	3.1	2.4
Sonoma		-54.5
Stanislaus	0.8	0.0
Sutter		
Tehama	-87.5	270.0
Trinity		
Tulare	-100.0	
Tuolumne	6.7	-3.9
Ventura	-17.4	-29.5
Yolo	0.0	0.0
Yuba	23.0	

Table 9
CHANGE IN PERCENTAGE OF BUDGET
CARRIED OVER ANNUALLY

	1980-81 to 1985-86	1985-86 to 1986-87
Total	-235.6	-559.2
Total # of Counties Reporting	38	34
Average Percentage Change of Budget Surplus	-6.2	-16.4

U.C. BERKELEY LIBRARIES



C124898217

